



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE **WM-2**

TO: Each Supervisor

FROM: Gail Farber,
Director of Public Works

**BOARD MOTION OF MARCH 30, 2010, AGENDA ITEM 38
REPORT ON THE ECONOMIC STABILITY OF THE
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
IN RESPONSE TO THE SEPTEMBER 2009 STATION FIRE**

On March 30, 2010, your Board approved a motion directing us to research the impacts and costs of basin cleanout and sediment removal associated with the September 2009 wildfires and the 2010 winter rainstorms on the overall economic stability of the Los Angeles County Flood Control District (District) both for Fiscal Year 2009-10 and the next five fiscal years.

Attached is our report in response to this request. Our current assessment indicates that the District will spend approximately \$202 million to perform sediment removal from our debris basins and reservoirs, repair facilities, and enlarge six debris basins over the next five fiscal years.

In order to finance the expected work, the District will adjust existing expenditure allocations for the next four budget cycles. Specifically, the District proposes to reduce our Capital Improvement Program and seek increased revenue through grant funding and funding partnerships. Assuming no reduction in revenues in future years and no other major disasters occurring in the near future, the District will be able to financially accommodate the impacts from the 2009 Station Fire and the five subsequent storm seasons.

If you have any questions, please contact me at (626) 458-4002 or your staff may contact Mr. Mark Pestrella at (626) 458-4001 or mpestrella@dpw.lacounty.gov

CQ.ad

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Attach.

cc. Chief Executive Office
Executive Office

REPORT ON THE ECONOMIC STABILITY OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT IN RESPONSE TO THE SEPTEMBER 2009 STATION FIRE

The Los Angeles County Flood Control District (District) was created by the Los Angeles County Flood Control Act, enacted in 1915 by the State Legislature. The District was formed to provide flood control and water conservation

The District serves over 10 million residents and 2 million properties by operating and maintaining a flood control and water conservation system consisting of 14 major dams, 161 debris basins, 253 smaller check dams, 500 miles of channel, and 3,000 miles of storm drains and other structures. The District also installed 10 temporary debris barriers in the 2007 and 2008 wildfire areas. The District's dams and debris basins are critical components in the control of potentially devastating flood and debris flows. Managing the sediment that is captured by these facilities is currently the top priority of the District given the potential risk to life and property presented by the burned watersheds of the San Gabriel Mountains.

Sediment Management

In 2006, the District developed a comprehensive Sediment Management Plan, which detailed activities such as maintenance, rehabilitation, and capital improvements necessary to maintain the debris storage capacity at its dams and debris basins including the identification of sediment disposal sites. Due to the unprecedented severity and size of the Station Fire, the District has begun updating the Sediment Management Plan. Prior to the Station Fire, the sediment placement sites and projects identified in the plan would accommodate our expected sediment management needs for the next 20 years. Debris basin cleanouts during the 2009-10 storm season and observations of impacted watersheds upstream of affected dams indicate that the Station Fire is accelerating erosion and sediment migration such that our current work plan only provides for the next five years of our sediment disposal needs. As an example of the accelerated erosion caused by the Station Fire this year, the District removed over 1.2 million cubic yards of sediment from 28 debris basins. This is enough sediment to fill the Rose Bowl three times. Additionally our recent survey of sediment trapped in the reservoirs behind Tujunga, Pacoima, and Devils Gate Dams revealed nearly a 100 percent increase in sediment quantities over pre-Station Fire quantities.

Fiscal Impacts Due to Recent Wildfires

Your Board has traditionally approved an annual operating budget for the District that reflects operation, maintenance, and rehabilitation of the District flood and water conservation facilities as the highest funding priority. The emphasis on maintenance and rehabilitation in particular has proved to be prudent with respect to the resilience and performance of the flood control and water-conservation system despite the age of the infrastructure and severity of the 2009-10 fire-flood cycle. The recent wildfires have emphasized the need to continue to hold operation and maintenance as a priority

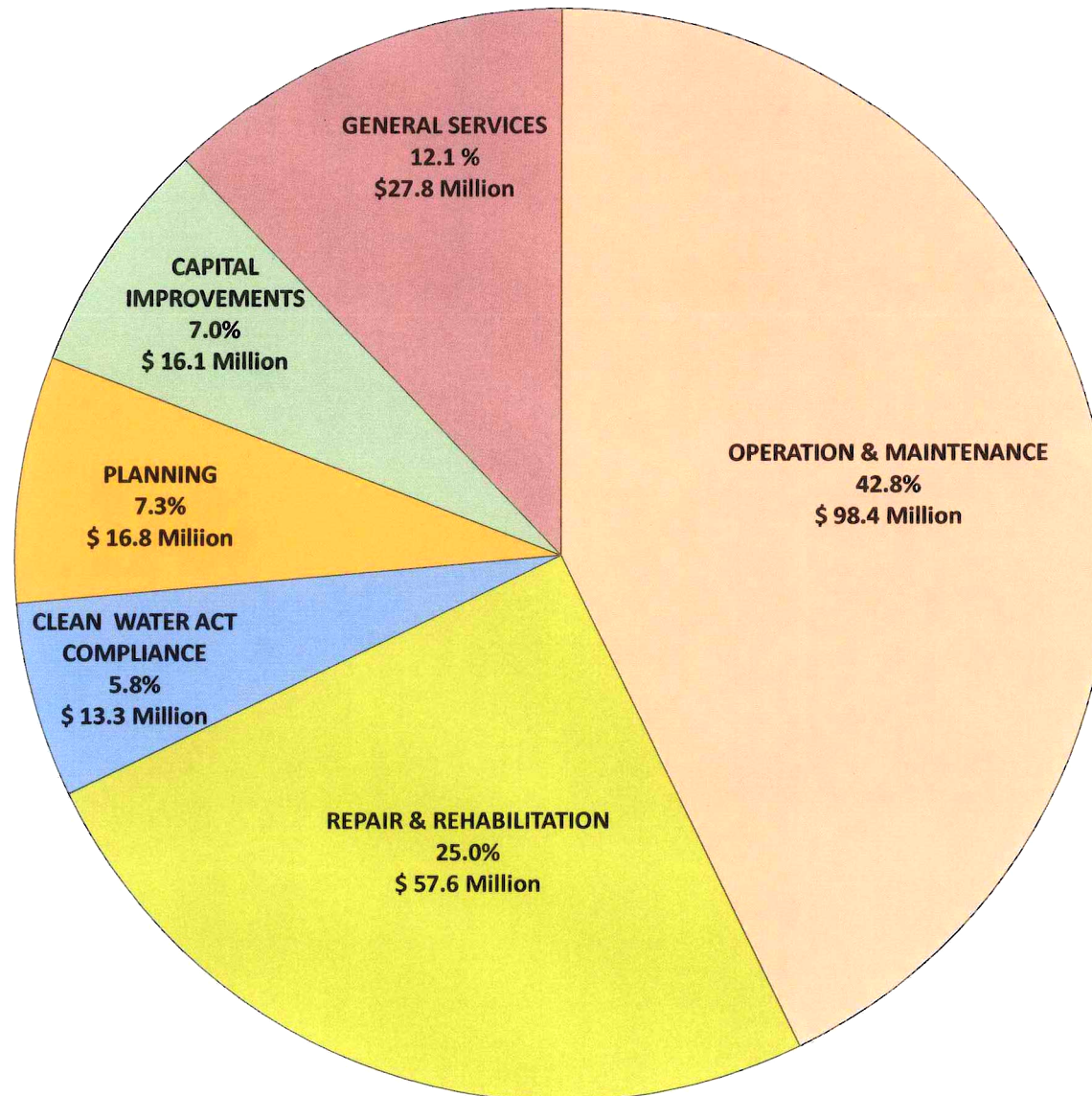
The District's average annual revenue has decreased slightly over the last five years due to the downturn in property tax revenue. The District has managed this loss in revenue through securing grant funding and deferring capital project expenditures for lower priority projects. However, increasing regulation and cost of labor continue to present serious challenges to the fiscal soundness of the District. The fiscal impact has been compounded by the challenges of funding the response to the devastating effects of wildfires on the District infrastructure.

In response, we propose to adjust funding allocations by increasing maintenance and rehabilitation allocations and reducing capital improvement expenditures for the next four years. Exhibit A shows the current average annual budget allocations for the District prior to the Station Fire and the 2009-10 storm season impacts. The two largest categories, Operation and Maintenance and Repair and Rehabilitation, account for 68 percent of the current approved budget or \$156 million dollars. An additional \$172 million will be spent over the next five years in responding to impacts from the wildfires, with the largest share of that going to Operation and Maintenance. Exhibit B shows proposed allocations to be made to these categories over each of the next five fiscal years. In addition, the District is aggressively pursuing State and Federal aid and cooperation in addressing the affects of the recent wildfires. Assuming no further reduction in revenue, reduction in nonessential expenditures, and cooperation from our State and Federal partners the District will remain in good financial standing.

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Exhibit A
Average Annual Flood Fund Expenditure Allocation by Category



Project Average
Annual Revenue:
\$ 230 Million

Exhibit B

Funding Adjustment by Category in Response to Post-Fire and Storm Activities

